

**ANNUAL BUDGET
OF
ELIAS MOTSOALEDI
LOCAL MUNICIPALITY**



**2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

1.1 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular 78 and 79 have been used as guidance for the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- The need to re-prioritize projects and expenditure within the existing resource-base given the cash flow realities and declining cash position of the municipality.
- The slight increased cost of bulk electricity due to tariff increases (0,31%) from ESKOM which is placing a relieve on service tariffs to residence and other consumers.
- Salaries and Wage increases for municipal staff as well as the need to fill all active vacant positions.
- Affordability of capital projects - original allocations on certain capital projects had to be reduced and some projects had to be shifted to the outer years of the 2017/18 MTREF.
- Limited and/or very minimal surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality.

The following budget principles and guidelines directly informed the compilation the 2017/18 MTREF:

- The 2017/18 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the new base lines for the 2017/18 annual budget.
- Tariffs and property rates increases should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective, and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2017/18 Division of Revenue Act (DoRA).
- In addition to cost containment to be implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
 - Consultants and Professional Fees;
 - Special Projects and Events;
 - Refreshments and Entertainment (R2 000 allocated per directorate for the entire financial year);

- Ad hoc travelling;
- Subsistence, Travelling and conference fees;
- Telephone and cell phone subscriptions;
- Issuing of Material and Store items, and
- Overtime.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium Term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF

Description	2017/18	2018/19	2019/20
Total Revenue	-442,793,516	-462,239,093	-496,811,075
Less: Transfer recognized capital	-70,860,000	-69,013,000	-86,340,000
Operating revenue	-371,933,516	-393,226,093	-410,471,075
Total Expenditure	369,713,086	381,440,306	394,773,493
Non Cash Items	60,571,585	63,138,165	65,785,903
Depreciation	51,200,000	53,118,400	55,093,030
Debt impairment	9,371,585	10,019,765	10,692,872
Opex excluding non-cash items	309,141,501	318,302,141	328,987,590
Surplus/Deficit	-62,792,015	-74,923,953	-81,483,484
Total Capital Budget	79,578,772	81,220,175	94,680,702
MIG	49,000,000	51,765,789	54,684,211
INEP	13,157,895	8,771,930	21,052,632
Revenue	17,420,877	20,682,456	18,943,860
Surplus vs Internally funded projects	-45,371,138	-54,241,497	-62,539,625

Total operating revenue for 2017/18 financial year amounts to R371, 088 million and the budget increases steadily in the outer financial years.

Total operating expenditure for the 2017/18 financial year has been appropriated at R309, 141 million and translates into a budgeted surplus of R62,792 million after taking out the non - cash items (i.e. depreciation and debt impairment). Cognizance should be taken that these items are non - funding items. The surplus for 2017/18 financial year steadily increases to R74, 923 million and to R81, 843 million in the respective outer financial years. These surpluses will be used to fund capital expenditure to be funded internally.

The capital budget for 2017/18 amounts to R79, 578 million and the capital budget increases to R81, 220 million in the 2018/19 financial year and then increases to R94, 680 million in 2019/20 financial year. A substantial portion of the capital budget will be funded from Municipal

Infrastructure Grant (MIG) and the funding thereof is R55, 860 million, R59, 013 million and R62, 340 million respectively throughout the MTEF period. The balance will be funded from internally generated funds and Integrated Electrification Programme (INEP) that is allocated as follows; R15 million for 2017/18 financial year and R10 million for 2018/19 financial year and R24 million in 2019/20 financial year.

The above table is also used as a tool for testing the funding compliance of our 2017/18 MTREF, and as indicated, the municipality will be able to fund its operations and capital budget after taking out the non - cash items since the surplus thereof is sufficient to cater for capital projects to be funded internally, however this will depend on the achievement of the budgeted revenue collection of at least 83%

1.2 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 83% annual collection rate for property rates and other key service charges;
- Electricity tariff increases that are still to be approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2017/18MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	20,450	19,271	22,395	23,981	24,881	24,881	15,693	26,474	27,983	29,550
Service charges - electricity revenue	53,299	55,695	65,104	72,328	67,973	67,973	47,456	72,506	76,639	80,930
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2,721	3,483	3,684	7,774	7,162	7,162	4,701	7,620	8,055	8,506
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,125	1,199	1,413	912	1,612	1,612	1,006	1,935	2,046	2,160
Interest earned - external investments	3,598	3,965	4,290	3,829	3,479	3,479	1,877	3,701	3,912	4,132
Interest earned - outstanding debtors	5,225	5,861	5,872	6,123	6,823	6,823	4,335	6,260	6,674	7,103
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,666	2,584	2,413	1,342	7,000	7,000	865	7,448	7,873	8,313
Licences and permits	4,669	5,081	4,257	5,060	4,860	4,860	3,144	5,171	5,466	5,772
Agency services	2,653	-	-	-	-	-	-	-	-	-
Transfers and subsidies	146,878	170,641	216,652	213,105	213,105	213,105	159,322	238,169	251,780	261,048
Other revenue	2,210	7,548	3,423	2,152	1,862	1,862	1,139	1,981	2,094	2,211
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	244,495	275,329	329,503	336,606	338,757	338,757	239,539	371,265	392,520	409,725

Table 3 Percentage Growth in revenue by main revenue source

Description	2016/17	2017/18 Medium Term Revenue & Expenditure Framework					
		%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20
Revenue By Source							
Property rates	24,881	6.4%	26,474	5.7%	27,983	5.6%	29,550
Service charges	75,135	6.6%	80,126	5.7%	84,694	5.6%	89,436
Rental of facilities and equipment	1,612	20.0%	1,935	5.7%	2,046	5.6%	2,160
Interest earned - external investments	3,479	6.4%	3,701	5.7%	3,912	5.6%	4,132
Interest earned - outstanding debtors	6,823	-8.3%	6,260	6.6%	6,674	6.4%	7,103
Fines, penalties and forfeits	7,000	6.4%	7,448	5.7%	7,873	5.6%	8,313
Licences and permits	4,860	6.4%	5,171	5.7%	5,466	5.6%	5,772
Transfers and subsidies	213,105	11.8%	238,169	5.7%	251,780	3.7%	261,048
Other revenue	1,862	6.4%	1,981	5.7%	2,094	5.6%	2,211
Total Revenue (excluding capital transfers)	338,757		371,265		392,520		409,725

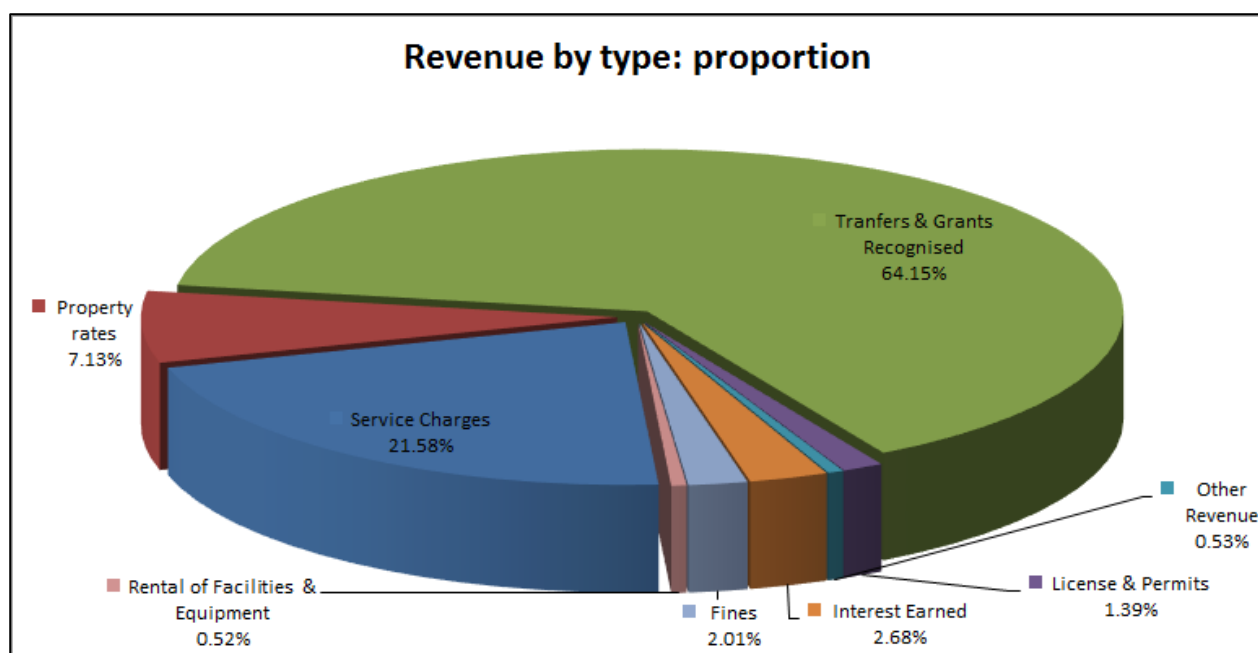


Figure 1 Main operational revenue categories for the 2017/18 financial year

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue generated from operating grants amounts to 64, 15% (2017/18 financial year) making it clear that the Municipality is grants dependent. In addition, revenue generated from rates and services charges amounts to 7, 13% and 21, 58% respectively. In the 2017/18 financial year, revenue from rates and services charges adds up to R106, 600 million or 28, 71%. This increases to R112, 676 million, and R118, 986 million in the respective financial years of the MTREF.

Service charges is the second largest revenue source totaling 21, 58% or R80, 126 million and increases to R84, 694 million and R89, 436 million respectively in the outer years. The third largest source is Property rates that amounts to R26, 474 million in 2017/18 financial year and R27, 983 million and R29, 550 million respectively in the outer years.

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The renewal of existing assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational surplus will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation will be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type										
Employee related costs	87,146	102,669	112,151	109,053	112,496	112,496	76,526	122,001	128,769	135,936
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	13,355	21,794	23,036	24,326
Debt impairment	10,245	11,357	8,130	12,688	10,688	10,688		9,372	10,020	10,693
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	–	51,200	53,118	55,093
Finance charges			2,141	60	2,760	2,760	1,712	2,937	–	–
Bulk purchases	48,014	51,853	60,361	64,961	69,961	69,961	39,537	66,165	69,937	73,853
Other materials	1,677	1,687	9,606	3,945	13,498	13,498	7,049	14,645	15,480	16,347
Contracted services	9,800	11,259	36,111	20,550	38,589	38,589	30,778	26,750	27,473	22,999
Transfers and subsidies	2,287	1,832	313	2,128	2,248	2,248	1,402	2,392	2,528	2,670
Other expenditure	58,640	106,070	66,734	60,826	57,902	57,902	35,719	52,458	51,080	52,857
Loss on disposal of PPE			3,790							
Total Expenditure	266,675	337,613	368,125	328,915	378,434	378,434	206,077	369,713	381,440	394,773

The budgeted allocation for employee related costs and remuneration of councillors for the 2017/18 financial year totals R143, 795 million, which equals 38, 9% of the total operating expenditure. Based on MFMA circular 86, the three year salary increases have been factored into this budget at a percentage increase of 7, 4% for the 2017/18 financial year and annual increase of 5, 7% and 5, 6% have been included in the two outer years of the MTREF.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount

equates to R9, 372 million and escalates to R10, 020 million in 2018/19 and R10, 693 million 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R51, 200 million for the 2017/18 financial year and equates to 13.8% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. The 2017/18 budget has been slightly increased as compared to 2017/18 financial year and this is due to Eskom annual increase of 0, 31%.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 7.2 % or R26, 750 million of the total operational budget for the 2017/18 financial year and declines to R27, 473 million and then escalates to R22, 999 million in the two respective outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram gives a breakdown of the main expenditure categories for the 2015/6 financial year.

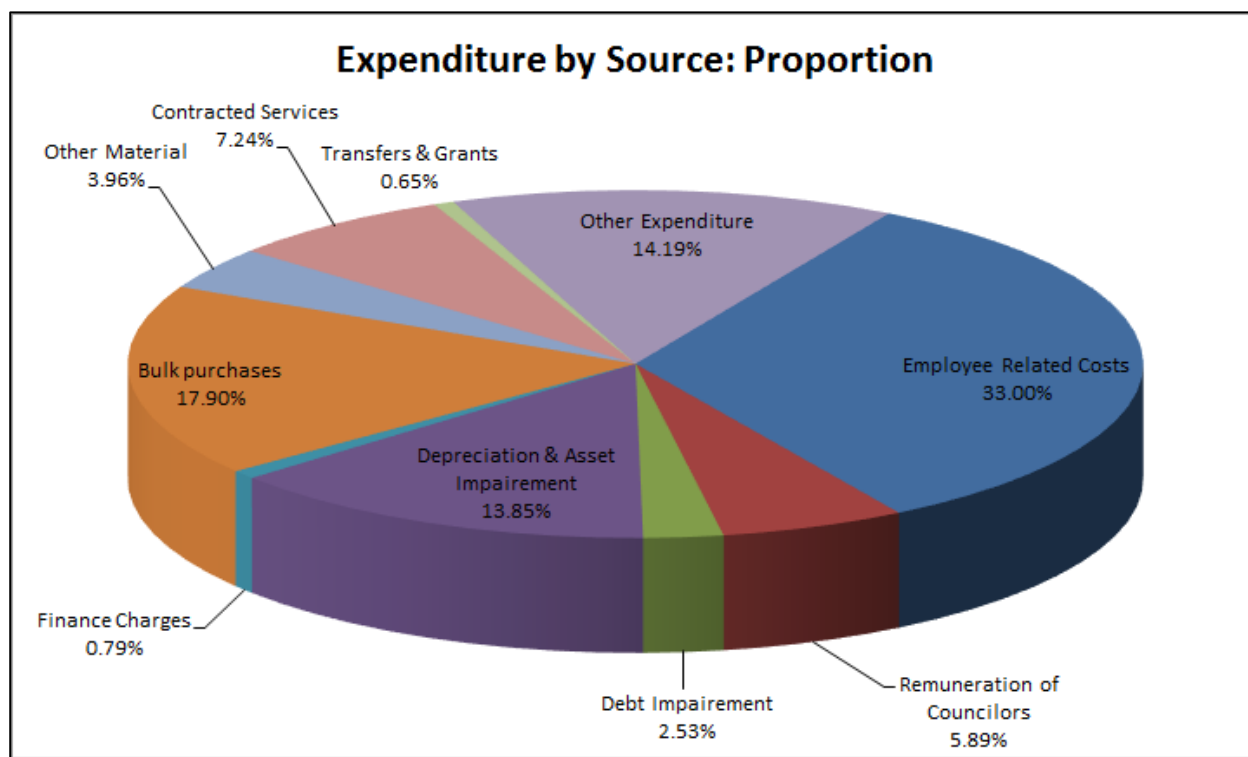


Figure 2 Main operational expenditure categories for the 2017/18 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is however sitting at R12, 511 million then increases to R13, 224 million and increase again to R13, 964 million during the MTREF period. In addition, the municipality is still experiencing budgetary constraints to can meet the required 8% that repairs and maintenance should contribute towards the total operating expenditure budget. In relation to the total operating expenditure, repairs and maintenance comprises of 3, 38% for the 2017/18 years and this percentage is however way below the set norm of 8% as stipulated by National Treasury. The percentage increases to 3, 47% and 3, 54% in the respective outer years.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

1.3.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

1.5 Annual Budget Tables

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 draft budget and MTREF. Each table is accompanied by explanatory notes thereof.

Table 8 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	20,450	19,271	22,395	23,981	24,881	24,881	15,693	26,474	27,983	29,550
Service charges	56,021	59,179	68,788	80,102	75,135	75,135	52,157	80,126	84,694	89,436
Investment revenue	3,598	3,965	4,290	3,829	3,479	3,479	1,877	3,701	3,912	4,132
Transfers recognised - operational	146,878	170,641	216,652	213,105	213,105	213,105	159,322	238,169	251,780	261,048
Other own revenue	17,549	22,272	17,378	15,589	22,157	22,157	10,490	22,795	24,151	25,560
Total Revenue (excluding capital transfers)	244,495	275,329	329,503	336,606	338,757	338,757	239,539	371,265	392,520	409,725
Employee costs	87,146	102,669	112,151	109,053	112,496	112,496	76,526	122,001	128,769	135,936
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	13,355	21,794	23,036	24,326
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	-	51,200	53,118	55,093
Finance charges	-	-	2,141	60	2,760	2,760	1,712	2,937	-	-
Materials and bulk purchases	49,691	53,540	69,966	68,906	83,459	83,459	46,586	80,810	85,417	90,200
Transfers and grants	2,287	1,832	313	2,128	2,248	2,248	1,402	2,392	2,528	2,670
Other expenditure	78,685	128,686	114,765	94,063	107,178	107,178	66,497	88,579	88,573	86,549
Total Expenditure	266,675	337,613	368,125	328,915	378,434	378,434	206,077	369,713	381,440	394,773
Surplus/(Deficit)	(22,180)	(62,284)	(38,622)	7,690	(39,677)	(39,677)	33,462	1,552	11,080	14,952
Transfers and subsidies - capital (monetary allocations)	44,723	58,967	77,188	75,419	75,419	70,419	36,123	70,860	69,013	86,340
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292
Capital expenditure & funds sources										
Capital expenditure	62,095	72,212	108,388	94,449	87,620	82,620	51,398	79,579	81,220	94,681
Transfers recognised - capital	50,665	51,462	77,188	75,419	66,240	61,240	35,613	62,158	60,538	75,737
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,430	20,750	31,200	19,030	21,380	21,380	15,785	17,421	20,682	18,944
Total sources of capital funds	62,095	72,212	108,388	94,449	87,620	82,620	51,398	79,579	81,220	94,681
Financial position										
Total current assets	90,618	78,138	58,124	72,418	60,701	60,701	87,723	89,402	107,475	161,506
Total non current assets	813,499	830,215	979,292	993,473	1,040,124	1,040,124	1,033,667	1,066,797	1,095,632	1,134,565
Total current liabilities	82,178	68,432	69,263	31,896	51,752	51,752	97,407	63,980	54,265	52,313
Total non current liabilities	34,693	79,033	95,865	90,513	85,185	85,185	94,317	82,233	86,568	88,947
Community wealth/Equity	787,245	760,887	872,288	943,481	963,888	963,888	929,666	1,002,618	1,056,520	1,150,363
Cash flows										
Net cash from (used) operating	76,508	57,728	22,790	119,326	88,938	5,781	36,663	91,305	98,944	120,042
Net cash from (used) investing	(56,618)	(70,369)	(30,567)	(89,449)	(87,620)	1,547	(53,635)	(79,579)	(81,220)	(94,681)
Net cash from (used) financing	22	2,361	(5,415)	(8,857)	(5,019)	(5,019)	(2,619)	(6,997)	142	168
Cash/cash equivalents at the year end	35,247	24,967	11,965	27,259	8,264	14,274	13,970	19,004	36,869	62,398
Cash backing/surplus reconciliation										
Cash and investments available	35,247	24,967	11,965	36,616	8,264	8,264	13,647	19,004	36,869	62,398
Application of cash and investments	(4,537)	20,401	23,304	(936)	(6,231)	(2,369)	25,746	(1,731)	(3,294)	(2,666)
Balance - surplus (shortfall)	39,784	4,566	(11,338)	37,551	14,495	10,633	(12,099)	20,735	40,163	65,064
Asset management										
Asset register summary (WDV)	694,407	729,129	967,425	980,773	1,233,160	-	-	-	-	-
Depreciation	32,828	32,042	49,728	35,797	50,000	50,000	51,200	51,200	53,118	55,093
Renewal of Existing Assets	12,432	18,642	30,190	52,719	45,780	45,780	45,780	31,077	31,175	35,088
Repairs and Maintenance	9,584	10,988	9,337	13,250	13,052	13,052	12,511	12,511	13,224	13,964
Free services										
Cost of Free Basic Services provided	600	690	800	1,000	800	800	668	668	706	746
Revenue cost of free services provided	4,725	4,725	5,235	5,800	6,283	6,283	8,193	8,193	8,660	9,145
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	2	2	2	2
Refuse:	53	53	54	54	54	54	55	55	56	58

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the draft budget for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF period.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on overdraft nor funding some of its capital projects through borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional									
Governance and administration	175,900	204,510	248,338	246,631	247,098	247,098	103,081	110,177	114,482
Executive and council	1,230	934	930	–	–	–	12,006	13,566	13,207
Finance and administration	174,671	203,576	247,408	246,631	247,098	247,098	91,075	96,611	101,275
Internal audit	–	–	–	–	–	–	–	–	–
Community and public safety	430	359	2,711	43	45	45	48	50	53
Community and social services	384	341	2,710	39	44	44	47	50	52
Sport and recreation	46	18	1	3	1	1	1	1	1
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	50,154	66,292	76,852	71,900	78,548	73,548	73,520	76,153	80,440
Planning and development	22	1,317	1,186	1,167	1,811	1,811	2,206	805	850
Road transport	50,131	64,976	75,666	70,733	76,737	71,737	71,314	75,348	79,590
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	63,333	63,825	79,589	94,452	89,285	89,285	266,145	275,858	301,836
Energy sources	60,588	60,334	75,904	86,328	81,773	81,773	242,309	250,626	275,465
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	2,746	3,491	3,685	8,124	7,512	7,512	23,836	25,233	26,371
Other	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	289,817	334,986	407,491	413,025	414,976	409,976	442,794	462,239	496,811
Expenditure - Functional									
Governance and administration	147,293	207,324	217,668	164,241	165,893	165,893	159,251	161,085	164,138
Executive and council	36,907	49,192	35,980	30,757	35,121	35,121	37,359	39,489	41,700
Finance and administration	110,386	158,132	176,275	127,640	125,175	125,175	115,894	115,256	115,743
Internal audit	–	–	5,413	5,843	5,597	5,597	5,998	6,340	6,695
Community and public safety	19,367	17,808	9,325	11,646	12,439	12,439	12,921	13,657	14,422
Community and social services	16,958	14,890	4,577	6,488	4,605	4,605	4,938	5,219	5,512
Sport and recreation	2,409	2,917	4,749	5,158	7,835	7,835	7,983	8,438	8,910
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	38,211	39,639	52,467	56,171	91,031	91,031	90,259	93,381	96,552
Planning and development	5,543	7,693	11,171	14,863	14,239	14,239	12,837	12,546	12,190
Road transport	32,668	31,947	39,834	40,421	75,426	75,426	75,959	79,289	82,729
Environmental protection	–	–	1,463	886	1,365	1,365	1,463	1,546	1,633
Trading services	61,804	72,841	88,664	96,858	109,070	109,070	107,283	113,317	119,662
Energy sources	51,150	60,619	65,530	78,171	84,711	84,711	81,817	86,400	91,237
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	10,654	12,223	23,135	18,687	24,359	24,359	25,466	26,917	28,425
Other	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	266,675	337,613	368,125	328,915	378,434	378,434	369,713	381,440	394,773
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	31,542	73,080	80,799	102,038

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into different functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote									
Vote 1 - Executive & Council	340	–	–	–	–	–	12,006	12,605	13,207
Vote 2 - Office of the Municipal Manager	890	934	930	–	–	–	–	961	–
Vote 3 - Budget & Treasury	174,529	203,514	247,402	246,619	247,085	247,085	91,060	96,596	101,258
Vote 4 - Corporate Services	142	62	6	11	14	–	15	15	16
Vote 5 - Community Services	9,541	11,515	13,068	14,568	19,417	19,417	36,503	38,621	40,509
Vote 6 - Technical Services	104,353	117,644	144,898	150,659	146,650	141,663	301,004	312,636	340,970
Vote 7 - Strategic Development	–	–	–	–	–	–	–	–	–
Vote 8 - Developmental Planning	22	1,317	1,186	1,167	1,811	1,811	2,206	805	850
Vote 9 - Executive Support	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	289,817	334,986	407,491	413,025	414,976	409,976	442,794	462,239	496,811
Expenditure by Vote									
Vote 1 - Executive & Council	25,983	28,444	29,961	27,109	30,476	30,476	32,523	34,377	36,302
Vote 2 - Office of the Municipal Manager	6,193	14,324	21,217	18,526	22,673	22,673	19,664	20,785	21,949
Vote 3 - Budget & Treasury	66,069	98,858	111,996	71,054	46,481	46,481	41,405	42,882	43,843
Vote 4 - Corporate Services	44,317	46,815	22,109	27,391	35,988	35,988	35,226	37,360	34,925
Vote 5 - Community Services	41,393	44,130	48,634	47,723	53,636	53,636	56,458	59,676	63,018
Vote 6 - Technical Services	72,446	90,924	103,323	112,793	164,096	164,096	159,599	161,064	169,080
Vote 7 - Strategic Development	4,730	6,423	–	–	–	–	–	–	–
Vote 8 - Developmental Planning	5,543	7,693	6,505	10,031	8,231	8,231	6,509	5,923	5,199
Vote 9 - Executive Support	–	–	24,381	14,288	16,852	16,852	18,328	19,373	20,458
Total Expenditure by Vote	266,675	337,613	368,125	328,915	378,434	378,434	369,713	381,440	394,773
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	31,542	73,080	80,799	102,038

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	20,450	19,271	22,395	23,981	24,881	24,881	15,693	26,474	27,983	29,550
Service charges - electricity revenue	53,299	55,695	65,104	72,328	67,973	67,973	47,456	72,506	76,639	80,930
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2,721	3,483	3,684	7,774	7,162	7,162	4,701	7,620	8,055	8,506
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,125	1,199	1,413	912	1,612	1,612	1,006	1,935	2,046	2,160
Interest earned - external investments	3,598	3,965	4,290	3,829	3,479	3,479	1,877	3,701	3,912	4,132
Interest earned - outstanding debtors	5,225	5,861	5,872	6,123	6,823	6,823	4,335	6,260	6,674	7,103
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,666	2,584	2,413	1,342	7,000	7,000	865	7,448	7,873	8,313
Licences and permits	4,669	5,081	4,257	5,060	4,860	4,860	3,144	5,171	5,466	5,772
Agency services	2,653	-	-	-	-	-	-	-	-	-
Transfers and subsidies	146,878	170,641	216,652	213,105	213,105	213,105	159,322	238,169	251,780	261,048
Other revenue	2,210	7,548	3,423	2,152	1,862	1,862	1,139	1,981	2,094	2,211
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	244,495	275,329	329,503	336,606	338,757	338,757	239,539	371,265	392,520	409,725
Expenditure By Type										
Employee related costs	87,146	102,669	112,151	109,053	112,496	112,496	76,526	122,001	128,769	135,936
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	13,355	21,794	23,036	24,326
Debt impairment	10,245	11,357	8,130	12,688	10,688	10,688	-	9,372	10,020	10,693
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	-	51,200	53,118	55,093
Finance charges	-	-	2,141	60	2,760	2,760	1,712	2,937	-	-
Bulk purchases	48,014	51,853	60,361	64,961	69,961	69,961	39,537	66,165	69,937	73,853
Other materials	1,677	1,687	9,606	3,945	13,498	13,498	7,049	14,645	15,480	16,347
Contracted services	9,800	11,259	36,111	20,550	38,589	38,589	30,778	26,750	27,473	22,999
Transfers and subsidies	2,287	1,832	313	2,128	2,248	2,248	1,402	2,392	2,528	2,670
Other expenditure	58,640	106,070	66,734	60,826	57,902	57,902	35,719	52,458	51,080	52,857
Loss on disposal of PPE	-	-	3,790	-	-	-	-	-	-	-
Total Expenditure	266,675	337,613	368,125	328,915	378,434	378,434	206,077	369,713	381,440	394,773
Surplus/(Deficit)	(22,180)	(62,284)	(38,622)	7,690	(39,677)	(39,677)	33,462	1,552	11,080	14,952
Transfers and subsidies - capital (monetary allocations)	44,723	58,967	77,188	75,419	75,419	70,419	36,123	70,860	69,013	86,340
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	22,543	(3,317)	38,566	83,109	35,742	30,742	69,584	72,412	80,093	101,292

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Operating revenue is R371, 933 million in 2017/18 and escalates to R381, 440 million and R394, 773 million in the outer years.
2. Services charges relating to electricity and refuse removal also contribute significantly to the revenue basket of the Municipality totaling R80, 126 million for the 2017/18 financial year and increasing to R84, 694 million in 2018/19 and increasing to R89, 436 million in 2019/20 financial year.
3. Transfers recognized – operating includes the local government equitable share, financial management grant, extended public works programme grant, municipal systems improvement grants and special support for councilors remuneration.
4. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional										
Governance and administration	2,001	2,579	1,148	650	2,550	2,550	1,340	500	900	900
Executive and council										
Finance and administration	2,001	2,579	1,148	650	2,550	2,550	1,340	500	900	900
Internal audit										
Community and public safety	-	159	77	1,380	1,280	1,280	28	700	500	-
Community and social services	-	159	77	1,200	1,100	1,100	28	-	500	
Sport and recreation								700		
Public safety			-	180	180	180	-			
Housing										
Health										
Economic and environmental services	46,952	61,667	84,276	77,019	71,986	66,986	49,294	65,051	68,871	72,228
Planning and development		1,009								
Road transport	46,952	60,657	84,276	77,019	71,986	66,986	49,294	65,051	68,871	72,228
Environmental protection										
Trading services	13,142	7,807	22,887	15,400	11,804	11,804	736	13,328	10,949	21,553
Energy sources	13,142	7,752	22,445	14,500	11,404	11,404	736	13,158	10,149	21,053
Water management										
Waste water management										
Waste management	-	55	442	900	400	400	-	170	800	500
Other										
Total Capital Expenditure - Functional	62,095	72,212	108,388	94,449	87,620	82,620	51,398	79,579	81,220	94,681
Funded by:										
National Government	50,665	51,462	77,188	75,419	66,240	61,240	35,613	62,158	60,538	75,737
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	50,665	51,462	77,188	75,419	66,240	61,240	35,613	62,158	60,538	75,737
Public contributions & donations										
Borrowing										
Internally generated funds	11,430	20,750	31,200	19,030	21,380	21,380	15,785	17,421	20,682	18,944
Total Capital Funding	62,095	72,212	108,388	94,449	87,620	82,620	51,398	79,579	81,220	94,681

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	1,280	1,148	-	-	-	-	500	900	900
Vote 5 - Community Services	-	214	3,701	600	600	600	28	-	500	500
Vote 6 - Technical Services	43,439	41,058	67,215	63,619	53,257	53,257	39,369	55,249	61,484	61,278
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	-	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	43,439	42,551	72,063	64,219	53,857	53,857	39,396	55,749	62,884	62,678
Single-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	75	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,926	1,299	-	650	1,950	1,950	1,340	-	-	-
Vote 5 - Community Services	-	-	-	2,180	1,080	1,080	-	1,370	800	-
Vote 6 - Technical Services	16,655	27,352	36,325	27,400	30,133	30,133	10,661	22,460	17,536	32,003
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	1,009	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	600	600	-	-	-	-
Capital single-year expenditure sub-total	18,656	29,660	36,325	30,230	33,763	33,763	12,002	23,830	18,336	32,003
Total Capital Expenditure - Vote	62,095	72,212	108,388	94,449	87,620	87,620	51,398	79,579	81,220	94,681

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R55, 749 million has been allocated of the total R79, 579 million capital budget, which totals 70, 06%. This allocation escalates to R62, 884 million in 2018/19 and to R62, 678 million in 2019/20.
3. Single-year capital expenditure has been appropriated at R23, 830 million for the 2017/18 financial year and declines to R18, 336 million in 2018/19 and then increases to R32, 003 million in 2019/20 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table 14 MBRR Table A6 - Budgeted Financial Position

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS										
Current assets										
Cash	2,910	1,203	5,066	3,247	3,247	3,247	2,957	5,000	8,500	6,921
Call investment deposits	32,337	23,764	6,899	33,369	5,017	5,017	10,690	14,004	28,369	55,477
Consumer debtors	20,229	18,744	24,545	18,947	32,082	32,082	35,788	30,352	29,579	26,082
Other debtors	32,854	31,791	18,226	13,855	16,955	16,955	35,129	36,846	37,635	38,911
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventory	2,288	2,636	3,388	3,000	3,400	3,400	3,159	3,200	3,392	34,115
Total current assets	90,618	78,138	58,124	72,418	60,701	60,701	87,723	89,402	107,475	161,506
Non current assets										
Long-term receivables	644	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–	–
Investment property	85,382	89,472	96,146	89,472	96,146	96,146	96,146	96,146	96,146	96,146
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	694,407	729,129	871,247	891,663	931,739	931,739	925,794	957,866	985,967	1,025,555
Agricultural	–	–	–	–	–	–	–	–	–	–
Biological	311	323	–	–	–	–	–	–	–	–
Intangible	22,674	640	496	640	178	178	323	–	–	–
Other non-current assets	10,081	10,650	11,404	11,698	12,061	12,061	11,404	12,786	13,519	12,864
Total non current assets	813,499	830,215	979,292	993,473	1,040,124	1,040,124	1,033,667	1,066,797	1,095,632	1,134,565
TOTAL ASSETS	904,116	908,353	1,037,416	1,065,891	1,100,825	1,100,825	1,121,390	1,156,199	1,203,107	1,296,071
LIABILITIES										
Current liabilities										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	8,170	–	10,100	10,100	7,661	7,108	–	–
Consumer deposits	4,211	5,531	5,120	5,444	5,200	5,200	6,103	5,089	4,947	4,779
Trade and other payables	42,917	61,539	53,644	25,000	35,000	35,000	83,089	50,242	47,686	45,824
Provisions	35,049	1,362	2,330	1,452	1,452	1,452	555	1,542	1,632	1,710
Total current liabilities	82,178	68,432	69,263	31,896	51,752	51,752	97,407	63,980	54,265	52,313
Non current liabilities										
Borrowing	–	–	11,520	6,264	–	–	4,840	–	–	–
Provisions	34,693	79,033	84,345	84,249	85,185	85,185	89,477	82,233	86,568	88,947
Total non current liabilities	34,693	79,033	95,865	90,513	85,185	85,185	94,317	82,233	86,568	88,947
TOTAL LIABILITIES	116,871	147,465	165,128	122,409	136,937	136,937	191,724	146,213	140,833	141,260
NET ASSETS	787,245	760,887	872,288	943,481	963,888	963,888	929,666	1,009,986	1,062,274	1,154,811
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	787,245	760,887	872,288	943,481	963,888	963,888	929,666	1,009,986	1,062,274	1,154,811
Reserves	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	787,245	760,887	872,288	943,481	963,888	963,888	929,666	1,009,986	1,062,274	1,154,811

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	14,099	19,271	8,908	22,302	23,637	17,465	11,644	21,179	22,386	23,640
Service charges	56,621	52,686	59,267	74,803	71,422	68,368	45,579	77,456	81,871	86,456
Other revenue	12,324	10,037	8,835	8,463	11,403	11,007	7,338	10,108	10,684	11,282
Government - operating	146,878	170,641	216,652	213,105	213,105	213,105	159,174	238,169	251,780	261,048
Government - capital	44,723	65,518	77,188	75,419	75,419	65,419	59,600	70,860	69,013	86,340
Interest	8,437	9,257	10,163	5,666	5,526	4,281	2,854	5,540	5,856	6,184
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(204,285)	(267,851)	(355,769)	(278,243)	(306,626)	(369,585)	(246,390)	(326,679)	(340,118)	(352,238)
Finance charges	-	-	(2,141)	(60)	(2,700)	(2,031)	(1,354)	(2,937)	-	-
Transfers and Grants	(2,287)	(1,832)	(313)	(2,128)	(2,248)	(2,248)	(1,781)	(2,392)	(2,528)	(2,670)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76,508	57,728	22,790	119,326	88,938	5,781	36,663	91,305	98,944	120,042
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	654	5,000	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	77,167	-	-	77,167	-	-	-	-
Payments										
Capital assets	(56,618)	(70,369)	(108,388)	(94,449)	(87,620)	(75,620)	(53,635)	(79,579)	(81,220)	(94,681)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56,618)	(70,369)	(30,567)	(89,449)	(87,620)	1,547	(53,635)	(79,579)	(81,220)	(94,681)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	22	2,361	(412)	500	(17)	(17)	968	111	142	168
Payments										
Repayment of borrowing	-	-	(5,003)	(9,357)	(5,002)	(5,002)	(3,587)	(7,108)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	22	2,361	(5,415)	(8,857)	(5,019)	(5,019)	(2,619)	(6,997)	142	168
NET INCREASE/ (DECREASE) IN CASH HELD	19,912	(10,280)	(13,192)	21,020	(3,701)	2,309	(19,591)	4,729	17,865	25,529
Cash/cash equivalents at the year begin:	15,334	35,247	25,158	6,238	11,965	11,965	33,561	14,274	19,004	36,869
Cash/cash equivalents at the year end:	35,247	24,967	11,965	27,259	8,264	14,274	13,970	19,004	36,869	62,398

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the Cash and Investment management policy is now in place.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available										
Cash/cash equivalents at the year end	35,247	24,967	11,965	27,259	8,264	14,274	13,970	19,004	36,869	62,398
Other current investments > 90 days	0	–	0	9,357	–	(6,010)	(323)	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	35,247	24,967	11,965	36,616	8,264	8,264	13,647	19,004	36,869	62,398
Application of cash and investments										
Unspent conditional transfers	–	16,212	1,575	1,108	5,000	5,000	24,039	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	3,000	1,500	1,500	1,100	3,500	4,000	4,500
Other working capital requirements	(4,537)	4,189	21,729	(5,044)	(12,731)	(8,869)	607	(6,231)	(8,776)	(8,752)
Other provisions	–	–	–	–	–	–	–	1,000	1,482	1,586
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:	(4,537)	20,401	23,304	(936)	(6,231)	(2,369)	25,746	(1,731)	(3,294)	(2,666)
Surplus(shortfall)	39,784	4,566	(11,338)	37,551	14,495	10,633	(12,099)	20,735	40,163	65,064

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table 17 MBRR Table A9 - Asset Management: New and Renewal of existing assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
Total New Assets	49,663	53,570	78,198	41,730	41,840	41,840	37,535	39,161	42,049
Roads Infrastructure	33,530	42,516	52,140	23,000	23,653	23,653	17,544	24,981	19,596
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Electrical Infrastructure	8,831	6,075	22,359	13,000	11,404	11,404	13,158	10,149	21,053
Water Supply Infrastructure	-	-	-	-	-	-	170	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	500	-	-	-	500	500
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	42,361	49,393	78,112	36,500	35,057	35,057	30,872	35,630	41,149
Community Facilities	4,684	3,112	-	700	600	600	300	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	4,684	3,112	-	700	600	600	300	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	300	300	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	300	300	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	350	1,550	1,550	300	500	500
Furniture and Office Equipment	-	-	-	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	86	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	5,263	2,632	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	12,432	18,642	30,190	52,719	45,780	45,780	31,077	31,175	35,088
Roads Infrastructure	6,639	6,963	24,824	39,719	35,531	35,531	31,077	30,375	35,088
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	3,792	3,974	-	1,500	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	10,431	11,406	25,266	41,219	35,531	35,531	31,077	30,375	35,088
Community Facilities	-	-	77	-	-	-	-	500	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Community Assets	-	-	77	10,000	8,772	8,772	-	500	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	334	6,435	3,699	1,500	1,477	1,477	-	300	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	334	6,435	3,699	1,500	1,477	1,477	-	300	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	-	-	-	-	-	-
Furniture and Office Equipment	356	325	237	-	-	-	-	-	-
Machinery and Equipment	-	-	288	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

MBRR Table A9 - Asset Management: Upgrading of existing assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
Total Upgrading of Existing Assets	-	-	-	-	-	-	10,966	10,884	17,544
Roads Infrastructure	-	-	-	-	-	-	7,396	9,568	5,263
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	6,140
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	7,396	9,568	11,404
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	3,570	1,316	6,140
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	3,570	1,316	6,140
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

MBRR Table A9 - Asset Management: Total capital Budget

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Capital Expenditure									
Roads Infrastructure	40,169	49,469	76,964	62,719	59,184	59,184	56,018	64,924	59,947
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Electrical Infrastructure	12,623	10,048	22,359	14,500	11,404	11,404	13,158	10,149	21,053
Water Supply Infrastructure	-	-	-	-	-	-	170	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	500	-	-	-	500	6,640
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	52,792	60,799	103,378	77,719	70,588	70,588	69,345	75,573	87,640
Community Facilities	4,684	3,112	77	700	600	600	300	500	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Community Assets	4,684	3,112	77	10,700	9,372	9,372	300	500	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	334	6,435	3,699	1,500	1,777	1,777	3,570	1,616	6,140
Housing	-	-	-	-	-	-	-	-	-
Other Assets	334	6,435	3,699	1,500	1,777	1,777	3,570	1,616	6,140
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	350	1,550	1,550	300	500	500
Furniture and Office Equipment	356	325	237	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	374	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	5,263	2,632	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	62,095	72,212	108,388	94,449	87,620	87,620	79,579	81,220	94,681

MBRR Table A9 - Asset Management: Asset Management

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	694,407	729,129	448,129	444,058	637,875	637,875	605,926	624,877	651,669
Storm water Infrastructure									
Electrical Infrastructure			52,317	41,230	77,902	77,902	70,460	72,292	74,895
Water Supply Infrastructure									
Sanitation Infrastructure									
Solid Waste Infrastructure			1,873	4,000	4,000	4,000	4,080	4,186	4,337
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
Infrastructure	694,407	729,129	502,320	489,288	719,777	719,777	680,466	701,355	730,901
Community Facilities			700						
Sport and Recreation Facilities			43,224	45,180	60,368	60,368	53,575	54,968	56,947
Community Assets	–	–	43,924	45,180	60,368	60,368	53,575	54,968	56,947
Heritage Assets			463	362	463	463			
Revenue Generating			96,146	89,472	96,146	96,146	96,146	96,146	96,146
Non-revenue Generating			–						
Investment properties	–	–	96,146	89,472	96,146	96,146	96,146	96,146	96,146
Operational Buildings		–	222,601	245,371	239,905	239,905	134,703	138,205	143,180
Housing			–						
Other Assets	–	–	222,601	245,371	239,905	239,905	134,703	138,205	143,180
Biological or Cultivated Assets									
Servitudes									
Licences and Rights			496	640	178	178	–	–	–
Intangible Assets	–	–	496	640	178	178	–	–	–
Computer Equipment			5,242	6,000	6,000	6,000	6,120	6,279	6,302
Furniture and Office Equipment			39,322	42,322	44,486	44,486	35,376	36,295	37,602
Machinery and Equipment			57,374	60,000	64,000	64,000	45,280	46,457	48,130
Transport Assets				2,500	2,300	2,300	2,346	2,407	2,494
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	694,407	729,129	967,425	980,773	1,233,160	1,233,160	1,054,011	1,082,113	1,121,701
EXPENDITURE OTHER ITEMS									
Depreciation	32,828	32,042	49,728	35,797	50,000	50,000	51,200	53,118	55,093
Repairs and Maintenance by Asset Class	9,584	10,988	9,337	13,250	13,052	13,052	12,511	13,224	13,964
Roads Infrastructure	2,448	881	1,788	3,300	1,300	1,300	2,800	2,874	2,951
Storm water Infrastructure	–	244	–	–	–	–	–	–	–
Electrical Infrastructure	973	1,271	1,001	1,800	1,780	1,780	1,900	2,008	2,121
Water Supply Infrastructure	–	–	–	–	–	–	–	–	–
Sanitation Infrastructure	–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure	1,107	1,110	1,209	2,350	2,550	2,550	2,450	2,590	2,735
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Infrastructure	4,528	3,506	3,998	7,450	5,630	5,630	7,150	7,472	7,806
Community Facilities	13	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Community Assets	13	–	–	–	–	–	–	–	–
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	–	2,965	1,154	2,500	3,607	3,607	1,500	1,671	1,849
Housing	–	–	–	–	–	–	–	–	–
Other Assets	–	2,965	1,154	2,500	3,607	3,607	1,500	1,671	1,849
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	–	9	500	25	25	100	106	112
Intangible Assets	–	–	9	500	25	25	100	106	112
Computer Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	5,043	586	2,749	1,500	1,900	1,900	2,261	2,389	2,523
Transport Assets	–	3,931	1,427	1,300	1,890	1,890	1,500	1,586	1,674
Libraries	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS	42,412	43,030	59,065	49,047	63,052	63,052	63,711	66,342	69,057
Renewal and upgrading of Existing Assets as % of total capex	20%	26%	28%	56%	52%	52%	53%	52%	56%
Renewal and upgrading of Existing Assets as % of deprecn	38%	58%	61%	147%	92%	92%	82%	79%	96%
R&M as a % of PPE	1%	2%	1%	2%	1%	1%	1%	1%	1%
Renewal and upgrading and R&M as a % of PPE	3%	4%	4%	7%	5%	5%	5%	5%	6%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The renewal and upgrading of existing assets target has been met throughout the MTEF period, however, the achievement of repairs and maintenance target still remains a challenge.

Table 18 MBRR Table A10 – Service Delivery

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
Energy:									
Electricity (at least min.service level)	59	59	59	2	2	2	59	59	63
Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total	59	59	59	2	2	2	59	59	63
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	2	2	2	2	2	2
Below Minimum Service Level sub-total	–	–	–	2	2	2	2	2	2
Total number of households	59	59	59	3	3	3	60	61	64
Refuse:									
Removed at least once a week	7	7	6	6	6	6	6	6	7
Minimum Service Level and Above sub-total	7	7	6	6	6	6	6	6	7
Removed less frequently than once a week	–	–	0	0	0	0	0	0	0
Using communal refuse dump	45	45	2	2	2	2	2	2	2
Using own refuse dump	–	–	43	43	43	43	43	44	45
Other rubbish disposal	–	–	–	–	–	–	–	–	–
No rubbish disposal	9	9	9	9	9	9	9	10	10
Below Minimum Service Level sub-total	53	53	54	54	54	54	55	56	58
Total number of households	60	60	60	60	60	60	62	63	64
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	1	1	1	1	1	1	1	1	1
Refuse (removed at least once a week)	–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)	600	690	800	1,000	800	800	668	706	746
Refuse (removed once a week for indigent households)	–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements	–	–	–	–	–	–	–	–	–
Total cost of FBS provided	600	690	800	1,000	800	800	668	706	746
Highest level of free service provided per household									
Property rates (R value threshold)	30	30	30	30	30	30	30	30	30
Water (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)	–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)	0	0	0	0	0	0	0	0	0
Refuse (average litres per week)	–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissable values per section	4,725	4,725	5,235	5,800	6,283	6,283	8,193	8,660	9,145
Property rates exemptions, reductions and rebates and impermiss	–	–	–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)	–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent household	–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household	–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	4,725	4,725	5,235	5,800	6,283	6,283	8,193	8,660	9,145

PART 2 – SUPPORTING DOCUMENTATION

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance for 2016/17 financial years. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- The past performance of the municipality
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, etc)
- The approved 2016/17 adjustments budget and performance against the SDBIP
- MFMA circular 85 and 86
- Debtors payment levels
- Investment possibilities

- The need for tariff increases versus the ability of the community to pay for service
- Improved and sustainable service delivery

2.1.3 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP' strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	Outcome 8 &9	<ul style="list-style-type: none"> ➤ Provide land for human settlement ➤ Zoning and rezoning of land 	More efficient land utilization and release state land.

		➤ Prevent land invasions	
Access to basic service delivery	Outcome 6	<ul style="list-style-type: none"> ➤ Provision of electricity ➤ Roads and storm water control 	Reliable infrastructure services
Local Economic Development	Outcome 7,4 & 11	<ul style="list-style-type: none"> ➤ Creation of jobs to emerging businesses (SMME's) ➤ Promote tourism 	Improved employment and municipal economy
Financial sound management	Outcome 9 & 12	<ul style="list-style-type: none"> ➤ Financial management and planning ➤ Comply with legal financial requirements ➤ Revenue enhancement 	Sound financial management
Good Governance and public participation	Outcome 9	<ul style="list-style-type: none"> ➤ Community participations ➤ Intergovernmental relations 	Full participation of all structures and communities
Organizational Development	Outcome 9	<ul style="list-style-type: none"> ➤ Human resource development and management ➤ Organizational structure development ➤ Executive and Council support 	Vibrant institution

Social services	Outcome 1 , 2 &10	<ul style="list-style-type: none"> ➤ Education support and co-ordination ➤ Facilitation of health services ➤ Community development services 	Improved community services
-----------------	----------------------------------	--	-----------------------------

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the developmental priorities mentioned above.

2.1.4 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

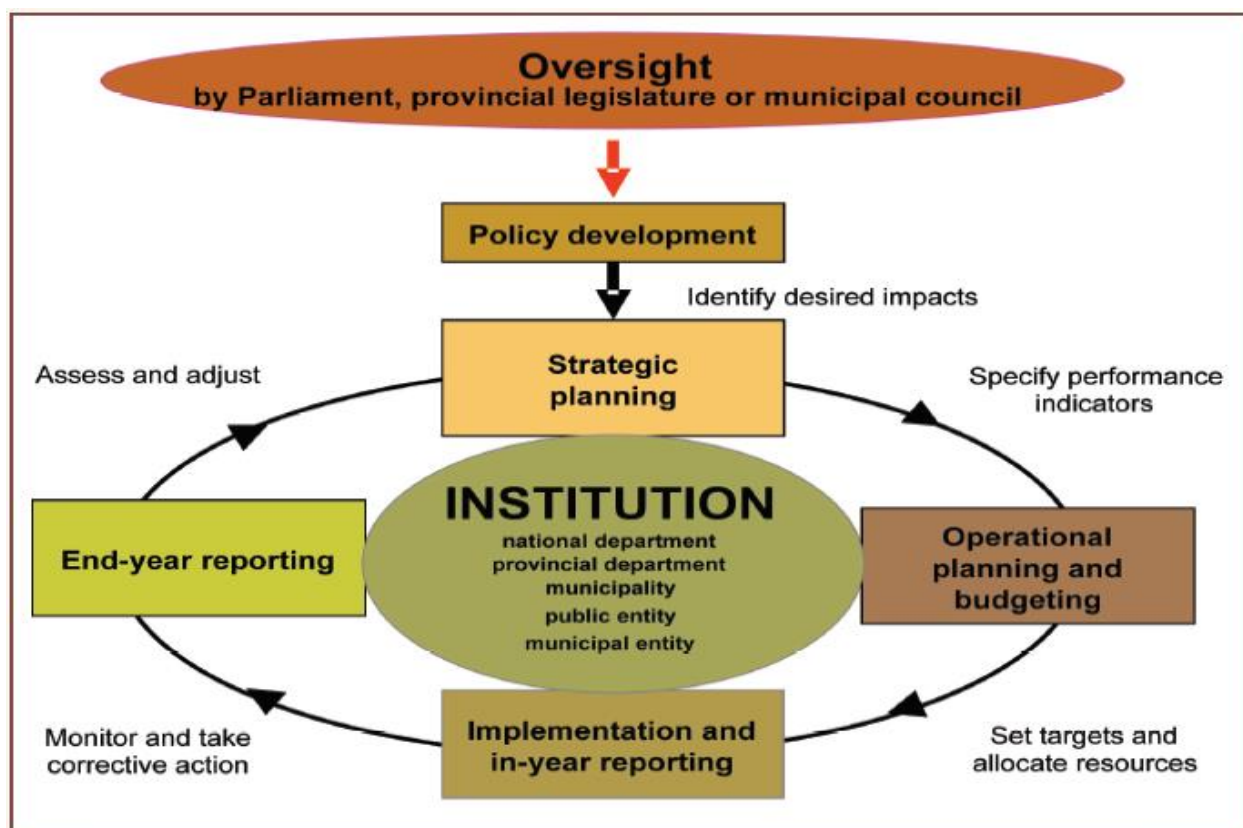


Figure 3 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.1.5 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2017/18 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as special property rates rebates. Special discount on property rates will also be given to pensioners.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement) on.

2.1.6 Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage (83%) of annual billings. Cash flow is assumed to be 93 per cent of billings, plus an increased collection of arrear debt from the revised collection and

credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

In terms of MFMA circular 86, the budgeted salaries and wages increase is 7,4% for 2017/18 financial year

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and 100% on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

Table 19 MBRR SA19 - Transfers and grants allocations

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	146,878	170,641	216,641	213,105	213,105	213,105	238,169	251,780	261,048
Local Government Equitable Share	143,438	166,920	212,948	210,385	210,385	210,385	223,019	236,259	245,626
Finance Management	1,550	1,600	1,600	1,625	1,625	1,625	1,700	1,955	2,215
Municipal Systems Improvement	890	934	930	-	-	-	-	961	-
EPWP Incentive	1,000	1,187	1,163	1,095	1,095	1,095	1,444	-	-
Special support for Councillor Remuneration	-	-	-	-	-	-	12,006	12,605	13,207
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Operating Transfers and Grants	146,878	170,641	216,641	213,105	213,105	213,105	238,169	251,780	261,048
Capital Transfers and Grants									
National Government:	53,596	65,840	63,102	75,419	75,419	75,419	70,860	69,013	86,340
Municipal Infrastructure Grant (MIG)	43,596	62,961	53,102	62,419	62,419	62,419	55,860	59,013	62,340
Integrated National Electrification Grant	10,000	2,879	10,000	13,000	13,000	13,000	15,000	10,000	24,000
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Capital Transfers and Grants	53,596	65,840	63,102	75,419	75,419	75,419	70,860	69,013	86,340
TOTAL RECEIPTS OF TRANSFERS & GRANTS	200,474	236,481	279,743	288,524	288,524	288,524	309,029	320,793	347,388

The above table presents transfers and grants to be received throughout the MTREF period and in addition, the gazetted allocations for the MTREF show significant increase and note should be taken that the municipality will be receiving the new grant that is intended for subsidizing the remuneration of Councillors.

Table 20 MBRR Table SA36–Capital project list

Municipal Vote	Program/Project description	Asset Class	Asset Sub-Class	New or renewal	2017/18 Medium Term Revenue & Expenditure Framework		
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Infrastructure	Electrification of Waalkraal A Ward 4	Electrical Infrastructure	HV Transmission Conductors	New	2,184,211	-	-
Infrastructure	Electrification of households in Makaepea village	Electrical Infrastructure	HV Transmission Conductors	New	710,526	-	-
Infrastructure	Electrification of Elansdoorn	Electrical Infrastructure	HV Transmission Conductors	New	328,947	-	-
Infrastructure	Electrification of Masakaneng	Electrical Infrastructure	HV Transmission Conductors	New	4,122,807	-	-
Infrastructure	Electrification of Jabulani	Electrical Infrastructure	HV Transmission Conductors	New	1,010,526	-	-
Infrastructure	Electrification of Jerusalem	Electrical Infrastructure	HV Transmission Conductors	New	963,158	-	775,439
Infrastructure	Electrification of Tambo village	Electrical Infrastructure	HV Transmission Conductors	New	1,515,789	-	-
Infrastructure	Electrification of Matsitsi (Ward 18)	Electrical Infrastructure	HV Transmission Conductors	New	1,444,737	1,726,754	-
Infrastructure	Designs for electrification of villages	Electrical Infrastructure	HV Transmission Conductors	New	877,193	-	-
Infrastructure	Fencing (Main substation)	Electrical Infrastructure	HV Transmission Conductors	New	-	500,000	-
Infrastructure	Electrification of Zumapark	Electrical Infrastructure	HV Transmission Conductors	New	-	877,193	-
Infrastructure	Electrification of Uitspanning A	Electrical Infrastructure	HV Transmission Conductors	New	-	1,359,649	2,684,211
Infrastructure	Electrification of Legolaneng	Electrical Infrastructure	HV Transmission Conductors	New	-	-	2,385,965
Infrastructure	Electrification of Zaaiplaas Sovolo	Electrical Infrastructure	HV Transmission Conductors	New	-	-	2,535,088
Infrastructure	Electrification of Thabaleboto	Electrical Infrastructure	HV Transmission Conductors	New	-	274,123	-
Infrastructure	Electrification of Zaaiplaas Marapong	Electrical Infrastructure	HV Transmission Conductors	New	-	244,737	-
Infrastructure	Electrification of Mosodi	Electrical Infrastructure	HV Transmission Conductors	New	-	870,175	-
Infrastructure	Electrification of JS Du Plessis Farm Village	Electrical Infrastructure	HV Transmission Conductors	New	-	679,825	-
Infrastructure	Electrification of Ga-Posa	Electrical Infrastructure	HV Transmission Conductors	New	-	951,754	-
Infrastructure	Electrification of Magagatala/Diepkloof	Electrical Infrastructure	HV Transmission Conductors	New	-	-	1,207,895
Infrastructure	Electrification of Mabose	Electrical Infrastructure	HV Transmission Conductors	New	-	2,664,912	4,011,404
Infrastructure	Electrification of Maleoskop	Electrical Infrastructure	HV Transmission Conductors	New	-	-	2,236,842
Infrastructure	Electrification of Makwana Village	Electrical Infrastructure	HV Transmission Conductors	New	-	-	-
Infrastructure	Electrification of Motetema (Ward 29)	Electrical Infrastructure	HV Transmission Conductors	New	-	-	5,215,789
Infrastructure	Development of Workshop	Operational Buildings	Workshop	Upgrading	3,070,175	1,315,789	6,140,351
Infrastructure	Rosseklaal Street	Roads Infrastructure	Roads	Renewal	-	3,070,175	-
Infrastructure	Development of Parking - mark Street	Roads Infrastructure	Roads	Renewal	-	1,315,789	-
Infrastructure	Kgaphamadi Road	Roads Infrastructure	Roads	New	-	10,964,912	10,964,912
Infrastructure	Kgoshi Matlala	Roads Infrastructure	Roads	New	-	5,243,947	-
Infrastructure	Grobblersdal Landfill Site	Waste Management	Landfill Site	Upgrading	-	-	6,140,351
Infrastructure	Kgoshi Rammupudu	Roads Infrastructure	Roads	Renewal	7,207,193	4,935,965	7,017,544
Infrastructure	Roads to Magoshi - Matsepe	Roads Infrastructure	Roads	Renewal	2,711,404	1,315,789	-
Infrastructure	Laersdrift Road	Roads Infrastructure	Roads	Renewal	-	-	7,017,544
Infrastructure	Tambo Road Construction	Roads Infrastructure	Roads	Renewal	4,492,105	-	-
Infrastructure	Motetema Streets upgrade	Roads Infrastructure	Roads	Renewal	877,193	1,315,789	-
Infrastructure	Rehabilitation of Dikgalaopeng road and storm water control	Roads Infrastructure	Roads	Renewal	877,193	2,192,982	-
Infrastructure	Rehabilitation of Ramogwerane to Nkadameng road & stormwater	Roads Infrastructure	Roads	Renewal	877,193	1,754,386	-
Infrastructure	Upgrading of Legolaneng Bus Route Phase 1.	Roads Infrastructure	Roads	Upgrading	-	1,754,386	-
Infrastructure	Grobblersdal - Roads & Street	Roads Infrastructure	Roads	Renewal	2,631,579	-	6,140,351
Infrastructure	Mathula Road	Roads Infrastructure	Roads	Renewal	6,140,351	-	4,385,965

Municipal Vote	Program/Project description	Asset Class	Asset Sub-Class	New or renewal	2017/18 Medium Term Revenue & Expenditure Framework		
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Infrastructure	Mogaung	Roads Infrastructure	Roads	Renewal	5,263,158	6,578,947	4,385,965
Infrastructure	Naganeng Bus Route	Roads Infrastructure	Roads	New	10,526,316	8,771,930	8,631,579
Infrastructure	Mpheleng Costruction of Road	Roads Infrastructure	Roads	New	5,263,158	-	-
Infrastructure	Multi Purpose Sports Field (Hlogtlou Stadium)	Roads Infrastructure	Roads	Upgrading	7,396,316	7,813,947	-
Infrastructure	Hlogotlou Street and Stormwater water control	Roads Infrastructure	Roads	New	1,754,386	-	-
Infrastructure	Nyakoroane Road	Roads Infrastructure	Roads	Renewal	-	1,754,386	-
Infrastructure	JJ Zaaiplaas	Roads Infrastructure	Roads	Renewal	-	6,140,351	6,140,351
Infrastructure	Machinery and equipment	Machinery and Equipment	Machinery and Equipment	New	200,000	-	-
Infrastructure	Vehicles	Transport Assets	Transport Assets	New	5,263,158	2,631,579	-
Infrastructure	Upgrading of Kgobokwane - Kgaphamadi Bus Route	Roads Infrastructure	Roads	Upgrading	-	-	5,263,158
Corporate Services	Furniture	Furniture and Office Equipment	Furniture and Office Equipment	New	200,000	400,000	400,000
Corporate Services	Computer Equipment	Computer Equipment	Computer Equipment	New	300,000	500,000	500,000
Community Services	Recreational facility development (Ward 13)	Community Facilities	Public Open Space	New	300,000	-	-
Community Services	Grass Cutting Industrial Machine	Machinery and Equipment	Machinery and Equipment	New	400,000	-	-
Community Services	Development of Cemeteries	Community Facilities	Cemeteries/Crematoria	Renewal	-	500,000	-
Community Services	Roosenekal Landfill site Monitoring Borehole	Water Supply Infrastructure	Boreholes	New	50,000	-	-
Community Services	Groblerdsdal Landfill site Monitoring Borehole	Water Supply Infrastructure	Boreholes	New	50,000	-	-
Community Services	Groblerdsdal Landfill site - Wash bay	Operational Buildings	Workshop	Renewal	-	300,000	-
Community Services	Hlogotlou Borehole	Water Supply Infrastructure	Boreholes	New	70,000	-	-
Community Services	Development of Transfer Station: Ntwane	Solid Waste Infrastructure	Waste Drop-off Points	New	-	500,000	500,000
Community Services	Upgrading of driving license testing centre	Operational Buildings	Municipal Offices	Upgrading	500,000	-	-
GRAND TOTAL					79,578,772	81,220,175	94,680,702

Municipal Manager's quality certificate

Quality certificate

I, RAMAKGAHLELA MINAH MAREDI, the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the 2017/18 annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with integrated Development Plan of the Municipality.

Print name: Ramakgahlela Minah Maredi

Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature

Date